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NEWS RELEASE

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Company Accused of Securities Fraud Relating to Diabetic Treatment Centers ***Investor was promised royalty payments from nonexistent treatment centers ...***

SALT LAKE CITY, Utah – The Utah Division of Securities today issued an Order to Show Cause against Diabetes Medical Development Corporation, Inc. (called DiabMed) and its president, Michael Clarke. Both are from Salt Lake City. The Order to Show Cause alleges that Clarke took money from an investor for DiabMed, promising a royalty payment on treatments to be done by DiabMed.

According to the Division, Clarke took \$10,000 from an investor to be used in the operation of an existing diabetic treatment center in Sandy. Clarke promised the investor a return of his funds in 90 days and an ongoing royalty payment of \$.07 each time DiabMed treated a patient with "Pulse Insulin Therapy." Clarke told the investor that the Pulse Insulin Therapy had restored sight to a blind diabetic patient. Clarke said he needed the \$10,000 only for 90 days because a \$10 million loan would be received within 90 days.

The Order to Show Cause alleges the investor gave \$10,000 to Clarke in February 2005. In return, he received a promissory note signed by Clarke and a copy of a 2004 business plan. The investor received no other information about DiabMed. When the note was not paid after 90 days, Clarke agreed to pay 15% interest on the note until the investment was repaid. The Division's Order alleges that the investor has not received any return of his investment, any interest, or any royalty payments.

The Division alleges that DiabMed and Clarke engaged in fraud while soliciting investments by falsely stating that the Pulse Insulin Therapy restored sight to a blind patient, that DiabMed had an operational treatment center, that a \$10 million loan would be received within 90 days, that DiabMed would return the investment within 90 days, and that royalty payments would be paid. The Division also alleges that DiabMed and Clarke failed to disclose adequate information to the investor about the business and operations of DiabMed and about Clarke's business expertise.

The Order to Show Cause seeks to have a cease and desist order entered against DiabMed and Clarke and that they be ordered to pay fines totaling \$30,000. A hearing is set for March 22, at which time DiabMed and Clarke can dispute the Division's allegations.